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PROPERTY TAX BULLETIN NO. 25
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SUBJECT: VALUATION OF POWER LINES

1. The Law. Section 8 of Article IX of the Constitution states that "all taxes upon real and personal estates . . . shall be . . . assessed equally, according to the just value thereof . . ."

Title 36, M.R.S.A., section 551 defines lines of electric light and power companies as being real estate for the purposes of taxation.

2. What is "just value?" Just value is a complex concept when considered in the context of regulated public utilities. There is no normal or free market in such properties. The operating property of a public utility cannot be sold except with prior approval of the Public Utilities Commission.

Effectively, as far as utility operating property is concerned, the "just value" is primarily influenced by the book value as filed with the Public Utilities Commission for rate making purposes. This book value is original cost with adjustments for depreciation and improvements. As long as land and improvements are an integral part of the utility operation and are dedicated to that purpose, it is their earning capacity as utility property that determines their market value. A rate base restricted to original cost less depreciation affects the value of a utility and should be given controlling emphasis in any proper assessment of such property.

Title 35-A, M.R.S.A., section 303 clearly states that current value must be excluded in determining reasonable value for rate making:

In fixing a reasonable value, the Commission shall give due consideration to evidence of the cost of the property when first devoted to public use and the prudent acquisition cost to the utility, less depreciation on each, and any other material and relevant factors or evidence, but the other factors shall not include current value.

Tax administrators, tax assessors and appraisers must keep in mind that public utilities are heavily regulated by Federal and State agencies and that by law the quantity and quality of service as well as the price of the product are regulated with the intent to set a limit on earnings based upon original cost.

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3. How should "just value" be used? The Constitution provides that taxes shall be "assessed equally according to just value." This means that if the relationship of assessed valuations of other properties to market value is 100%, then 100% of the just value should also be used for utility property. If some ratio other than 100% is used for other property, that same ratio should be applied to utility property.

The unit values on the attached sheet have been derived from company records. A separate analysis was performed on each electric utility company based upon their cost records. Consequently, no two companies have exactly the same "just values" for the various units described.

These costs have been depreciated. Therefore, they represent 100% of just value. If, for example, your town is assessing at 70%, then you should use 70% of these values for your assessment.

4. How should transmission and distribution property be classified? In accordance with statute they shall be assessed as real estate and not personal property. The valuations should be entered in the valuation book in the column entitled "land."

NOTE: This bulletin is intended solely as advice to assist persons in determining, exercising or complying with their legal rights, duties or privileges. If further information is needed contact the Property Tax Division of Maine Revenue Services.

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1997
BANGOR HYDRO-ELECTRIC COMPANY

DISTRIBUTION SYSTEM

DEPRECIATED UNIT VALUES

1. Wholly-owned poles	\$8,958 per mile
2. Jointly-owned poles	\$8,728 per mile
3. Wire only: Three-phase lines	\$10,551 per mile
4. Wire only: Single-phase lines	\$7,034 per mile
5. Services - including meters, service wire and line transformers	\$302 per service
6. Street lights:	
(a) ornamental standards with light	\$308 per pole
(b) 1,000 lumen incandescent street lights	\$38 per light
(c) Mercury vapor:	
3,500 lumen	\$56 per light
7,000 lumen	\$59 per light
11,000 - 20,000 lumen	\$127 per light
56,000 lumen	\$189 per light
(d) High Pressure Sodium:	
4,000 lumen	\$92 per light
5,800 lumen	\$188 per light
9,500 lumen	\$228 per light
16,000 lumen	\$197 per light
27,500 - 50,000 lumen	\$324 per light

TRANSMISSION SYSTEM:

1. 115 KV lines including wires and poles	\$18,103 per mile
2. 34.5, 46 KV lines including wires and poles	\$39,804 per mile

SUBSTATIONS AND UNDERGROUND SYSTEMS: No standard values can be suggested in view of the great variety of these installations. The company should be consulted in each instance.

(Unit values assume a 100% assessment ratio)

1997
CENTRAL MAINE POWER COMPANY

DISTRIBUTION SYSTEM

DEPRECIATED UNIT VALUES

1. Wholly-owned poles	\$8,717 per mile
2. Jointly-owned poles	\$5,549 per mile
3. Primary wire	\$2,247 per mile
4. Secondary wire	\$2,346 per mile
5. Street light wire	\$1,958 per mile
6. Services - including meters, service wire and line transformers	\$270 per meter
7. Street lights:	
(a) 20,000 lumens and over	\$186 per light
(b) 10,000 20,00 lumens	\$150 per light
(c) Up to 10,000 lumens	\$140 per light
(d) Average cost per street light	\$145 per light
(e) Average cost per yard light	\$163 per light

TRANSMISSION SYSTEM:

1. 11, 22 & 34.5 KV lines including wire, poles & fixtures	\$20,164 per mile
2. 115 KV lines including wires, poles & fixtures	\$42,149 per mile
3. 345 KV lines including wires, poles & fixtures	\$86,824 per mile

SUBSTATIONS AND UNDERGROUND SYSTEMS: No standard values can be suggested due to the great variety of these installations. The company should be consulted in each instance, or Property Tax Division field representatives can supply copies of our worksheets based upon company disclosures.

(Unit values assume a 100% assessment ratio)

**1997
EASTERN MAINE ELECTRIC CO-OP.***

DISTRIBUTION SYSTEM

DEPRECIATED UNIT VALUES

1. Wholly-owned poles	\$1,711 per mile
2. Wire only: 3 phase	\$1,940 per mile
3. Wire only: 1 phase	\$1,109 per mile
4. Services - including meters, service wire and line transformers	\$120 per service
5. Street lights	\$63 per light
6. Security lights	\$63 per light

TRANSMISSION SYSTEM:

1. 69 KV lines including wires and poles	\$6,006 per mile
2. 44 KV lines including wires and poles	\$1,674 per mile

SUBSTATIONS: No standard values can be suggested in view of the great variety of these installations. The company should be consulted in each instance. However, a general overall value of \$8.29/KVA is reported by the Co-op.

*An analysis of Eastern Maine Electric Co-op's operational system indicated that additional depreciation was appropriate due to the nature of this rural cooperative.

These depreciated figures represent 100% of "just value" for State Valuation purposes and should be adjusted by the local assessment ratio.

**1997
MAINE ELECTRIC POWER COMPANY (MEPCO)**

TRANSMISSION SYSTEM:

1. 345 KV lines including wires and poles	\$54,523 per mile
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(Unit values assume a 100% assessment ratio)

**1997
MAINE PUBLIC SERVICE CO.**

DISTRIBUTION SYSTEM

DEPRECIATED UNIT VALUES

1. Wholly-owned poles with single phase wire	\$13,722 per mile
2. Wholly-owned poles with three phase wire	\$13,434 per mile
3. Jointly-owned poles with single phase wire	\$6,097 per mile
4. Jointly-owned poles with three phase wire	\$10,335 per mile
5. Single phase on transmission poles	\$4,275 per mile
6. Three phase on transmission poles	\$6,862 per mile
7. Joint use (Tel. owns poles) single phase	\$5,739 per mile
8. Joint use (Tel. owns poles) three phase	\$4,586 per mile
9. Services - including meters, service wire and line transformers	\$230 per service
10. Street lights:	
(a) ornamental pole with light	\$601 per pole
(b) Up to 10,000 lumens	\$96 per light
(c) Over 10,000 lumens	\$180 per light
(d) area (flood) lights:	\$105 per light

TRANSMISSION SYSTEM:

1. 69 KV including wires and poles	\$11,730 per mile
2. 34.5, 44 KV including wires and poles	\$6,875 per mile
3. 138 KV including wires and poles	\$14,587 per mile

SUBSTATIONS No standard values can be suggested in view of the great variety of these installations. The company should be consulted in each instance.

(Unit values assume a 100% assessment ratio)